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ATTACHMENT A

ALL-PARTY SETTLEMENT AGREEMENT

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Liberty Utilities (CalPeco Electric) LLC (U 933-E) for Authority to Among Other Things, Increase Its Authorized Revenues For Electric Service, Update Its Energy Cost Adjustment Clause Billing Factors, Establish Marginal Costs, Allocate Revenues, And Design Rates, as of January 1, 2016.

Application No. 15-05-008
(Filed May 1, 2015)

**ALL-PARTY SETTLEMENT AGREEMENT AMONG LIBERTY UTILITIES
(CALPECO ELECTRIC) LLC (U933E); THE OFFICE OF RATEPAYER ADVOCATES;
AND THE A-3 CUSTOMER COALITION**

1. INTRODUCTION

- 1.1. In accordance with Rule 12.1, subdivision (a) of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure (“Rule”), the Settling Parties (as defined in Section 2 below) enter into this settlement agreement (“Settlement”) for purposes of resolving this matter without having an evidentiary hearing.
- 1.2. The attached Settling Parties’ Joint Motion to Adopt All-Party Settlement Agreement among Liberty Utilities (CalPeco Electric) LLC (U933E), the Office of Ratepayer Advocates, and the A-3 Customer Coalition (“Settlement Approval Motion”) sets forth the factual and legal bases of the Settlement; advises the Commission of its scope; and presents the grounds on which Commission approval and adoption are urged.
- 1.3. As the Settlement Approval Motion explains, the Settlement complies with Commission requirements for approval of settlements, because it is reasonable in light of the whole record, consistent with the law, and in the public interest. Accordingly, the Settling Parties respectfully request the Commission to adopt and approve this Settlement.
- 1.4. The Settling Parties are entering into this Settlement to avoid the expense and uncertainty of an evidentiary hearing and to expedite Commission approval of tariffs consistent with this Settlement.
- 1.5. Since this Settlement represents a compromise by them, the Settling Parties have entered into each component of this Settlement on the basis that its approval by the Commission not be construed as an admission or concession by any Settling Party regarding any fact or matter of law in dispute in this proceeding or in any other proceeding before the Commission. Furthermore, the Settling Parties intend

that the approval of this Settlement by the Commission not be construed as a precedent or statement of policy of any kind for or against any Settling Party in any current or future proceeding.

- 1.6. All issues among and between the Settling Parties have been resolved.
- 1.7. The Settling Parties agree to the following with respect to the new general and Energy Cost Adjustment Clause rates agreed to in this Settlement: (a) the revised general rates should be deemed effective as of January 1, 2016 and begin being recovered through the General Rate Case Memorandum Account which Commission Decision 15-12-035 authorized Liberty Utilities to establish and implement; (b) the revised general rates shall commence being directly charged to customers as of October 1, 2016 and (c) the revised Energy Cost Adjustment Clause rates shall become effective as of October 1, 2016.

2. DEFINITIONS

- 2.1. The term “Liberty Utilities” means Liberty Utilities (CalPeco Electric) LLC (U 933-E), the Applicant in this proceeding.
- 2.2. The term “ORA” means the Office of Ratepayer Advocates.
- 2.3. The term “Customer Coalition” means the A-3 Customer Coalition.
- 2.4. The term “Settling Parties” means collectively Liberty Utilities, ORA, and the Customer Coalition.

3. EXHIBITS

- 3.1. Liberty Utilities requests that its testimonies be marked as Exhibits (Ex.) Liberty Utilities-1 through Liberty Utilities-7, as follows, and admitted into the record:
 - 3.1.1. Ex. Liberty Utilities-1: Summary and Results of Operations;
 - 3.1.2. Ex. Liberty Utilities-2: Cost of Capital/Return on Equity/Rate of Return;
 - 3.1.3. Ex. Liberty Utilities-3: Electric Distribution Programs;
 - 3.1.4. Ex. Liberty Utilities-4: Marginal Cost Study, Revenue Allocation, Rate Design;¹
 - 3.1.5. Ex. Liberty Utilities-5: Witness Statements of Qualifications;
 - 3.1.6. Ex. Liberty Utilities-6: Rebuttal Testimony, served December 7, 2015; and
 - 3.1.7. Ex. Liberty Utilities-7: Supplemental Testimony in response to Administrative Law Judge’s Ruling Directing Submission of Supplemental Testimony on March 30, 2016.

¹ This exhibit was initially marked as Phase Two, Ex. 1.

- 3.2. ORA requests that its written direct testimonies, entitled “Report on the Results of Operations for Liberty Utilities (formerly CalPeco Electric) Test Year 2016 General Rate Case” and served on November 9, 2015², be marked as follows, and admitted into the record:
- 3.2.1. Ex. ORA-1R: Executive Summary and Post-Test Year Ratemaking;
 - 3.2.2. Ex. ORA-2R: Revenue Requirement and Income Tax;
 - 3.2.3. Ex. ORA-3: Administrative & General Expenses and Operation & Maintenance Expenses;
 - 3.2.4. Ex. ORA-4: Energy Cost Adjustment Clause and Fuel and Purchase Power;
 - 3.2.5. Ex. ORA-5: Other Taxes Energy Efficiency Programs and Solar Incentive Program;
 - 3.2.6. Ex. ORA-6: Depreciation;
 - 3.2.7. Ex. ORA-7: Plant and Rate Base;
 - 3.2.8. Ex. ORA-8: Sales, Customers, and Revenues Forecast;
 - 3.2.9. Ex. ORA-9: Cost of Capital Rate of Return and Return on Equity;
 - 3.2.10. Ex. ORA-10: Results of Examination Vegetation Management and Catastrophic Event Memorandum Account;
 - 3.2.11. Ex. ORA-11: Qualifications; and
 - 3.2.12. Ex. ORA-12: Revenue Allocation and Rate Design.
- 3.3. Customer Coalition requests its testimony be marked as follows, and admitted into the record:
- 3.3.1. Ex. Customer Coalition-1: Prepared Direct Testimony of Geoffrey B. Inge, served on November 23, 2015; and
 - 3.3.2. Ex. Customer Coalition-2: Prepared Rebuttal Testimony of Geoffrey B. Inge, served on December 7, 2015.

² The current versions of ORA-1 and ORA-2 are revisions to the exhibits which ORA served on November 23, 2015.

4. TERMS AND CONDITIONS REGARDING REVENUE REQUIREMENT

- 4.1. **Overall Change in Rates.** The Settling Parties agree that the annual aggregate change in the Base Rate and Energy Cost Adjustment Clause revenue requirements will be an annual increase in the total amount of \$1.0 million. Liberty Utilities initially requested an overall annual increase of \$13.571 million³ and ORA had recommended an overall increase of \$ 3.613 million.⁴

Attached as Exhibit A to this Settlement is a summary of the Results of Operations showing the increase in total revenue requirement as a result of this Settlement, a revenue comparison from revenues at filing to revenues at Settlement, and total revenues for Test Year 2016.

- 4.2. **Overall Base Rate Revenue Requirement.** The Settling Parties agree to an overall 2016 Commission-jurisdictional Base Rate revenue requirement increase in the total amount of \$9.819 million. Liberty Utilities initially requested an overall annual Base Rate increase of \$11.40 million; ORA had recommended an overall increase of \$7.601 million.
- 4.3. **Overall Energy Cost Adjustment Clause Revenue Requirement.** The Settling Parties agree that the Energy Cost Adjustment Clause 2016 revenue requirement should be \$29.903 million, representing a decrease of \$11.020 million from the 2015 Energy Cost Adjustment Clause revenue requirement. The Settling Parties further agree that Energy Cost Adjustment Clause rates should be set presently based on a projection that Liberty Utilities shall have an overcollection in its Energy Cost Adjustment Clause balancing account as of September 30, 2016 in the amount of \$6,673,297 and that the overcollection should be amortized over a twenty-seven month period commencing October 1, 2016 and terminating December 31, 2018.
- 4.4. **Rate Base.** The Settling Parties agree that Liberty Utilities' total Rate Base is \$143.943 million.
- 4.5. **Return on Equity and Capitalization.** The Settling Parties agree to a return on equity of 10.00% and a capital structure of 47.5%/52.5% debt/equity. The Settling Parties also agree to a long-term debt cost of 4.92% and an overall rate of return of 7.51%.

Attached as Exhibit B is a Cost of Capital table with the agreed-upon capital structure, debt and equity costs, and rate of return. Liberty Utilities initially requested a return on equity of 10.5%⁵ and a capital structure of 45.0%/55.0%

³ Ex. Liberty Utilities-1, at 1-10:6-7.

⁴ Ex. ORA-1, at 2:6-7.

⁵ Ex. Liberty Utilities-2, at 2-4:19-20.

debt/equity.⁶ ORA initially recommended a return on equity of 9.71%⁷ and a capital structure of 51.63%/48.37% debt/equity.⁸

- 4.6. ***Allowance for Funds Used During Construction.*** The Settling Parties agree that Liberty Utilities shall use an Allowance for Funds Used During Construction rate of 6.558%.
- 4.7. ***Taxes.*** The Settling Parties agree on the federal and state tax rates used in Liberty Utilities' testimony.⁹
- 4.8. ***Depreciation.*** The Settling Parties agree to Liberty Utilities' proposed depreciation rate of 2.21%.¹⁰
- 4.9. ***Forecasts of Sales and Energy Use Per Customer.*** The Settling Parties agree to Liberty Utilities' proposed electric sales and energy use per customer forecasts.¹¹
- 4.10. ***Forecast of Monthly Customer Accounts.*** The Settling Parties agree to use ORA's recommendation of 46,683 customer accounts. Liberty Utilities had initially recommended a forecast of 46,910.
- 4.11. ***Operations and Maintenance Expenses.*** The Settling Parties agree to Operations and Maintenance Expenses of \$8.499 million for Test Year 2016. Liberty Utilities requested Operations and Maintenance Expenses of \$8.608 million; ORA recommended \$7.004 million.¹²
- 4.12. ***Administrative and General Expenses.*** The Settling Parties agree to Administrative and General Expenses of \$8.308 million for Test Year 2016. Liberty Utilities requested \$8.613 million;¹³ ORA recommended \$7.663 million.¹⁴

The Settling Parties also agree that Liberty Utilities should be authorized to reclassify its forecasted incremental rate case costs that are being recorded in a Miscellaneous Deferred Debit (FERC Account 186) to a Regulatory Asset (FERC Account 182) and amortize those costs over a 3-year period starting January 1, 2016 as an adjustment to recorded Administrative and General Expenses. The incremental rate case costs (and the associated accounts) for the 2013 and 2016 general rate cases remain subject to audit in Liberty Utilities' next general rate case proceeding.
- 4.13. ***Franchise Fees and Uncollectible Rate.*** The Settling Parties agree that Liberty Utilities shall apply a Franchise Fees and Uncollectible Rate of 1.3512%.
- 4.14. ***General Rate Case Memorandum Account.*** The Settling Parties agree that Liberty Utilities shall on the last day of the month before the month in which the

⁶ *Id.*, at 1-2:13–20.

⁷ Ex. ORA-9, at 1:14.

⁸ *Id.*, at 1:11–13.

⁹ See Ex. Liberty Utilities-1, at 4-1:1–4-8:13.

¹⁰ See Ex. Liberty Utilities-1, at 5-1:1–5-3:12.

¹¹ See Ex. Liberty Utilities-1, at 7-1:1–7-5:11.

¹² Ex. ORA-3, at 3:4–6.

¹³ Ex. Liberty Utilities-1, at Table 1-2A, page 3, line 27.

¹⁴ Ex. ORA-3, at 2:11–13.

rates to be approved in this proceeding become effective make a debit entry to its General Rate Case Memorandum Account in an amount equal to: (a) the difference for the period between (i) Liberty Utilities' current non-fuel generation and distribution Base Rate revenue requirement (inclusive of the Energy Efficiency and Vegetation Management balancing accounts) and (ii) the non-fuel generation and distribution Base Rate revenue requirement (inclusive of Solar Incentive Program, Catastrophic Event Memorandum Account, Energy Efficiency, and Vegetation Management balancing accounts) Liberty Utilities is being authorized to recover through rates in this Settlement; and (b) interest accrued on such difference calculated in the manner set forth in the General Rate Case Memorandum Account.

The Settling Parties further agree that Liberty Utilities shall recover in rates the amount recorded in the General Rate Case Memorandum Account, including interest accrued on the unrecovered balance in the General Rate Case Memorandum Account, over a 27 month period commencing October 1, 2016 and terminating on December 31, 2018.

Liberty Utilities shall also identify as a separate line item in its bills to customers the amount which is being collected through the General Rate Case Memorandum Account. To the extent necessary, Liberty Utilities shall submit revisions to the General Rate Case Memorandum Account tariff to be updated and otherwise consistent with the provisions of this Section 4.14.

- 4.15. ***Energy Efficiency.*** The Settling Parties agree to Energy Efficiency expenditures for Test Year 2016 of \$471,000, with the 3-year aggregate authorization of \$1.413 million. Liberty Utilities had requested \$495,000 annually¹⁵ and ORA had recommended \$445,417 annually.¹⁶ The Settling Parties further agree that Liberty Utilities shall maintain its current Energy Efficiency Balancing Account tariff and record in such account the difference between the \$1.413 million revenue requirement authorized for Energy Efficiency programs during 2016, 2017, and 2018 and Liberty Utilities' recorded Energy Efficiency programs expenses; provided Liberty Utilities shall update and revise its Energy Efficiency Balancing Account tariff to incorporate the revised revenue requirement authorized in, the resulting rates, and the time periods relevant to, this Settlement. The Settling Parties additionally agree that Liberty Utilities shall recover these amounts over a thirty-six month period through the implementation of the General Rate Case Memorandum Account and through the increase in general rates to be directly charged to customers starting October 1, 2016.
- 4.16. ***Vegetation Management.*** The Settling Parties agree that Liberty Utilities may recover Vegetation Management Program expenses of \$2.523 million annually¹⁷ and that the 3-year aggregate authorization is \$7.569 million. The Settling Parties further agree that Liberty Utilities will continue to identify the rates associated

¹⁵ Ex. Liberty Utilities-3, at 3-1:12–15.

¹⁶ Ex. ORA-5, at 5:12–13.

¹⁷ Ex. Liberty Utilities-3, at 1-2:15–18; *see also* Ex. ORA-10, at 2:2-3 (ORA did not recommend any adjustments to Liberty Utilities' request).

with its expenditures for the Vegetation Management Program as a separate line item on the bill to customers.¹⁸

The Settling Parties additionally agree that the current version in Liberty Utilities Preliminary Statement of the Vegetation Management Balancing Account tariff shall remain in effect, but shall be revised and amended to reflect the revised revenue requirement authorized in, and the time periods relevant to, this Settlement. The Settling Parties additionally agree that Liberty Utilities shall recover these amounts over a thirty-six month period through the implementation of the General Rate Case Memorandum Account and through the increase in general rates to be directly charged customers starting as of October 1, 2016.

- 4.17. ***Catastrophic Event Memorandum Account.*** The Settling Parties agree that Liberty Utilities recorded the amounts in its Catastrophic Event Memorandum Account in accordance with its Catastrophic Event Memorandum Account tariff, that the costs that Liberty Utilities incurred and recorded in its Catastrophic Event Memorandum Account were reasonable, and that the Commission should authorize its recovery of its Catastrophic Event Memorandum Account-incurred costs in accordance with the Catastrophic Event Memorandum Account tariff. The Settling Parties further agree that Liberty Utilities shall recover a principal amount of \$700,000 in each of 2016, 2017, and 2018, plus interest accrued on the unrecovered amounts. The Settling Parties additionally agree that Liberty Utilities shall recover these amounts over a thirty-six month period through the implementation of the General Rate Case Memorandum Account and through the increase in general rates to be directly charged customers starting as of October 1, 2016.
- 4.18. ***Solar Incentive Program.*** The Settling Parties agree that Liberty Utilities shall be authorized to implement the Solar Incentive Program proposed in its direct testimony, as modified by this Section 4.18. The start date for implementation of the Solar Incentive Program shall be October 1, 2016 and it shall run for an initial term of twenty-seven months terminating as of December 31, 2018; provided, however, that Liberty Utilities has the right to request authority to extend the term of this Solar Incentive Program and/or request authority to initiate a revised program to provide incentives for increased solar penetration in its service territory.

The Settling Parties further agree that Liberty Utilities shall recover its costs to fund and administer the Solar Incentive Program as an additional element of its Public Purpose Program Charges and allocated in the same manner as the Public Purpose Program Charges. Liberty Utilities shall be authorized in the manner provided in this Section 4.18 to recover \$371,000 in each 2016, 2017, and 2018 to fund the Solar Incentive Program. The Settling Parties additionally agree that Liberty Utilities shall recover the amounts to fund the Solar Incentive Program through the implementation of the General Rate Case Memorandum Account and through the increase in general rates to be directly charged customers starting as of October 1, 2016.

¹⁸ D.15-10-030, mimeo at 17 (Ordering Paragraph No. 2).

Liberty Utilities shall establish the Solar Incentive Program Balancing Account to track collections and expenditures for the Solar Incentive Program. A copy of the agreed-upon form of Solar Incentive Program Balancing Account tariff is attached hereto as Exhibit C.

- 4.19. **Electric Vehicle Tariff.** The Settling Parties agree that Liberty Utilities shall be authorized to implement the Electric Vehicle Time-of-Use Domestic Service and Electric Vehicle Time-of-Use Small General Service tariffs in the manner and form Liberty Utilities proposed in its testimony,¹⁹ but such tariff shall be revised and amended to reflect the revised revenue requirement authorized in, and the time periods relevant to, this Settlement.
- 4.20. **Voluntary Curtailment Tariff.** The Settling Parties agree that Liberty Utilities shall be authorized to submit a Tier 2 Advice Letter to establish a tariff to implement a permanent voluntary curtailment program in the manner described in its testimony.²⁰

5. TERMS AND CONDITIONS REGARDING REVENUE ALLOCATION AND RATE DESIGN

- 5.1. **Marginal Cost Study.** The Marginal Cost Study Liberty Utilities presented in Ex. Liberty Utilities-6 is used as the basis for the revenue allocation and rate design proposed below. Liberty Utilities' revised Marginal Cost Study incorporated the correction of some arithmetic errors ORA identified and also adopted the revised marginal energy costs and marginal customer cost methods ORA proposed. In the preparation of its 2019 general rate case proceeding, Liberty Utilities shall use its best efforts to propose an alternative to its current "backcast" methodology for purposes of developing its Marginal Cost Study and shall meet with ORA three (3) months before submitting its Application and report on the status of its efforts to use a different methodology to develop the Marginal Cost Study it shall use in its Application.²¹
- 5.2. **Revenue Allocation.** The Settling Parties agree, based on the Liberty Utilities' revised Marginal Cost Study and deploying agreed-on revisions, on the total revenue requirement (i.e., Base Rates and Energy Cost Adjustment Clause rates). Such revision resulted in the following percentage decreases in revenue allocation: Residential customers (8.64%), A-1 customers (12.00%), A-2 customers (12.00%), A-3 customers (10.95%), Streetlight customers (0.06%), Outdoor Lighting customers (7.98%), and Interruptible Irrigation customers (PA Schedule) (0.44%). In each case these decreases compare revenues at present rates and forecast 2016 sales and customers with revenues at proposed rates and forecast 2016 sales and customers. This revenue allocation does not include the revenues that are to be collected from a variety of program costs – such as Energy Efficiency, that are proposed to be collected on an equal cents/kWh basis.

¹⁹ Ex. Liberty Utilities-4, at 3, 3-17:1-3-20:8, Attachment A.

²⁰ Ex. Liberty Utilities-4, at 3-21:7–3-24:8.

²¹ E.g., an alternative method that makes use of actual or recorded data.

Liberty Utilities initially proposed reallocation of class revenue requirements based on Equal Percentage of Marginal Cost (“EPMC”) constrained by an 8.34% cap.²² ORA proposed a reallocation of class revenue requirements based on System Average Percent Change (“SAPC”) with its calculated SAPC of (6.79)% as a floor and 0% as a cap.²³ Customer Coalition proposed removing Liberty Utilities’ proposed cap.²⁴ Attached is Exhibit D, which provides the settlement among the Settling Parties on revenue allocation.

- 5.3. ***Revenue Allocation of Vegetation Management Program Expenses.*** Exhibit E shows the results of the revenue allocation of the \$2.523 million agreed upon Vegetation Management Program annual expense. Liberty Utilities initially proposed a separate allocation of the expenses associated with the Vegetation Management Program on an equal cents/kWh-per-kilowatt-hour basis.²⁵ Customer Coalition proposed allocations of Vegetation Management Program costs to be based on miles of overhead lines, number of customers in each class, and miles of secondary voltage lines versus primary voltage lines. The Settling Parties agreed to allocate the Vegetation Management Program costs in the same proportion they were allocated in the settlement of Liberty Utilities’ 2013 general rate case (D.12-11-030). As in the 2013 Liberty Utilities general rate case proceeding, the allocation to the A-3 customer class will be collected through a customer charge.

5.4. ***Rate Design***

- 5.4.1. ***Residential Customer Rates.*** The rate design incorporates a residential monthly Customer Charge of \$6.56 and maintenance of the 17% composite tier differential between the residential tiers. Liberty Utilities initially proposed a Customer Charge of \$7.67 per month with a volumetric energy rate.²⁶ ORA proposed no increase to the existing residential Customer Charge of \$7.10.²⁷ This settlement position results in rates for Residential Customers as summarized in Exhibit F.
- 5.4.2. ***A-3 Customer Rates.*** Rate design for the A-3 customer class includes a decrease in the A-3 Customer Charge, a decrease in certain demand charges, and a decrease in all A-3 total Energy Rates. Vegetation Management Program costs allocated to the A-3 customer class are allocated as described in Section 5.3 above, and will be recovered through a fixed monthly per-customer charge. The agreed-upon rates for A-3 customers are summarized in Exhibit G.
- 5.4.3. ***All Other Rates.*** The Settling Parties agree to a rate design for all other customers as summarized in Exhibit H.

²² Ex. Liberty Utilities-4, at 2-1:14–2-3:13.

²³ Ex. ORA-12, at 30:9–17.

²⁴ Ex. Customer Coalition, at 3:14-16.

²⁵ Ex. Liberty Utilities-4, at 2-4:15–19.

²⁶ Ex. Liberty Utilities-4, at 3-5:9–10.

²⁷ Ex. ORA-12, at 33:20–34:2.

6. Other Terms and Conditions

- 6.1. **Commission's Primary Jurisdiction.** The Settling Parties agree that the Commission has primary jurisdiction over any interpretation, enforcement, or remedies regarding this Settlement. None of the Settling Parties may bring an action regarding this Settlement in any court or before another administrative agency without having first exhausted its administrative remedies at the Commission.
- 6.2. **Further Actions.** The Settling Parties acknowledge that this Settlement is subject to approval by the Commission. As soon as practicable after all the Settling Parties have signed the Settlement, the Settling Parties through their respective attorneys will prepare and file the Settlement Approval Motion. The Settling Parties will furnish such additional information, documents, or testimonies as the Commission may require for purposes of granting the Settlement Approval Motion and approving and adopting the Settlement.
- 6.3. **No Personal Liability.** None of the Settling Parties, or their respective employees, attorneys, or any other individual representative or agent, assumes any personal liability as a result of the Settling Parties signing this Settlement.
- 6.4. **Non-Severability.** The provisions of this Settlement are non-severable. If any of the Settling Parties fails to perform its respective obligations under this Settlement, the Settlement will be regarded as rescinded.
- 6.5. **Voluntary and Knowing Acceptance.** Each Settling Party hereto acknowledges and stipulates that it is agreeing to this Settlement freely, voluntarily, and without any fraud, duress, or undue influence by any other Settling Party. Each Settling Party has read and fully understands its rights, privileges, and duties under this Settlement, including its right to discuss this Settlement with its legal counsel, which has been exercised to the extent deemed necessary.
- 6.6. **No Modification.** This Settlement constitutes the entire Settlement among the Settling Parties regarding the matters set forth herein, which may not be altered, amended, or modified in any respect except in writing and with the express written and signed consent of all the Settling Parties hereto. All prior settlements, agreements, or other understandings, whether oral or in writing, regarding the matters set forth in this Settlement are expressly waived and have no further force or effect.
- 6.7. **No Reliance.** None of the Settling Parties has relied or presently relies on any statement, promise, or representation by any other Settling Party, whether oral or written, except as specifically set forth in this Settlement. Each Settling Party expressly assumes the risk of any mistake of law or fact made by such Settling Party or its authorized representative.
- 6.8. **Counterparts.** This Settlement may be executed in separate counterparts by the different Settling Parties hereto and all so executed will be binding and have the same effect as if all the Settling Parties had signed one and the same document. All such counterparts will be deemed to be an original and together constitute one

and the same Settlement, notwithstanding that the signatures of all the Settling Parties and/or of a Settling Party's attorney or other representative do not appear on the same page of this Settlement or the related Settlement Approval Motion.

- 6.9. ***Binding upon Full Execution.*** This Settlement will become effective and binding on each of the Settling Parties as of the date when it is fully executed. It will also be binding upon each of the Settling Parties' respective successors, subsidiaries, affiliates, representatives, agents, officers, directors, employees, and personal representatives, whether past, present, or future.
- 6.10. ***Commission Adoption Not Precedential.*** In accordance with Rule 12.5, the Settling Parties agree and acknowledge that unless the Commission expressly provides otherwise, its adoption of this Settlement does not constitute approval of or precedent regarding any principle or issue of law or fact in this or any other current or future proceeding.
- 6.11. ***Enforceability.*** The Settling Parties agree and acknowledge that after issuance of a Commission decision approving and adopting this Settlement, the Commission may reassert jurisdiction and reopen this proceeding to enforce the terms and conditions of this Settlement.
- 6.12. ***Finality.*** Once fully executed by the Settling Parties and adopted and approved by a Commission decision, this Settlement fully and finally settles any and all disputes among and between the Settling Parties in this proceeding, unless otherwise specifically provided in the Settlement.
- 6.13. ***No Admission.*** Nothing in this Settlement or related negotiations may be construed as an admission of any law or fact by any of the Settling Parties, or as precedential or binding on any of the Settling Parties in any other proceeding, whether before the Commission, in any court, or in any other state or federal administrative agency. Further, unless expressly stated herein this Settlement does not constitute an acknowledgement, admission, or acceptance by any of the Settling Parties regarding any issue of law or fact in this matter, or the validity or invalidity of any particular method, theory, or principle of ratemaking or regulation in this or any other proceeding.
- 6.14. ***Authority to Sign.*** Each Settling Party who executes this Settlement represents and warrants to each other Settling Party that the individual signing this Settlement and the related Settlement Approval Motion has the legal authority to do so on behalf of the Settling Party.
- 6.15. ***Limited Admissibility.*** Each Settling Party signing this Settlement agrees and acknowledges that this Settlement will be admissible in any subsequent Commission proceeding for the sole purpose of enforcing the Terms and Conditions of this Settlement.
- 6.16. ***Estoppel or Waiver.*** Unless expressly stated herein, the Settling Parties' execution of this Settlement is not intended to provide any of the Settling Parties in any manner a basis of estoppel or waiver in this or any other proceeding.
- 6.17. ***Rescission.*** If the Commission, any court, or any other state or federal administrative agency, rejects or materially alters any provision of the Settlement,

it will be deemed rescinded by the Settling Parties and of no legal effect as of the date of issuance of the Commission decision or final ruling, decision, or modification by any court or any other state or federal administrative agency, rejecting or materially altering the Settlement. The Settling Parties may negotiate in good faith regarding whether they want to accept the changes by the Commission, any court, or any other state or federal administrative agency, and resubmit a revised Settlement to the Commission.


7. Conclusion

- 7.1. Each of the Settling Parties has executed this Settlement as of the date appearing below their respective signatures.

[SIGNATURES PAGE FOLLOWS NEXT]

IN WITNESS WHEREOF, the Settling Parties have each executed this Settlement on the date stated below.

**LIBERTY UTILITIES (CALPECO
ELECTRIC) LLC**



Gregory S. Sorenson, President
Dated: May __, 2016

A-3 CUSTOMER COALITION

**OFFICE OF RATEPAYER
ADVOCATES**

Brian Cragg
Attorney for A-3 Customer Coalition
Dated: May __, 2016

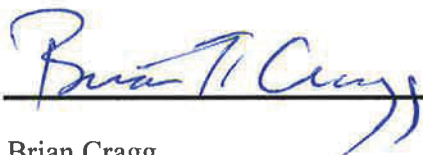
Elizabeth Echols, Director
Dated: May __, 2016

IN WITNESS WHEREOF, the Settling Parties have each executed this Settlement on the date stated below.

**LIBERTY UTILITIES (CALPECO
ELECTRIC) LLC**

Gregory S. Sorenson, President
Dated: May __, 2016

A-3 CUSTOMER COALITION



Brian Cragg
Attorney for A-3 Customer Coalition
Dated: May 18, 2016

**OFFICE OF RATEPAYER
ADVOCATES**

Elizabeth Echols, Director
Dated: May __, 2016

IN WITNESS WHEREOF, the Settling Parties have each executed this Settlement on the date stated below.


**LIBERTY UTILITIES (CALPECO
ELECTRIC) LLC**

Gregory S. Sorenson, President
Dated: May __, 2016

A-3 CUSTOMER COALITION

**OFFICE OF RATEPAYER
ADVOCATES**

Brian Cragg
Attorney for A-3 Customer Coalition
Dated: May __, 2016



Elizabeth Echols, Director
Dated: May 18, 2016

EXHIBIT A

Results of Operations

LIBERTY UTILITIES (CALPECO ELECTRIC) LLC
SUMMARY OF RESULTS OF OPERATIONS - TOTAL ELECTRIC
FOR THE FORECASTED TWELVE MONTHS ENDING DECEMBER 31, 2016
(\$ IN THOUSANDS)

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	Ln. No.
Items	Forecast Results of Operations at Present Rates	ECAC, Energy Efficiency, and Vegetation Management Revenues at Present Rates	Forecast Base Rate Revenues at Present Rates [col. (b) - col. (c)]	Additional Base Rate Revenues Required	Base Rate Revenue Requirement at Settlement Rates [col. (d) + col. (e)]	ECAC, Vegetation Management, CEMA, Energy Efficiency, Solar Incentive Revenues at Settlement Rates	Total Revenue Requirement at Settlement Rates [col. (f) + col. (g)]	Ln. No.
1	Operating Revenues							1
2	Sales Revenue	73,688.98	39,973.40	33,715.58	9,818.97	29,903.00	73,437.55	2
3	Other Operating Revenue	433.70	-	433.70	-	-	433.70	3
4	Revenue Credits	1,365.80	-	1,365.80	-	-	1,365.80	4
5	Energy Efficiency (EE)	367.00	367.00	-	-	471.00	471.00	5
6	Solar Initiative Program (SIP)	-	-	-	-	370.80	370.80	6
7	Vegetation Management (VM)	2,500.00	2,500.00	-	-	2,522.50	2,522.50	7
8	Catastrophic Event Memo Acct. (CEMA)	-	-	-	-	700.14	700.14	8
9	Total Operating Revenues	78,355.48	42,840.40	35,515.08	9,818.97	33,967.44	79,301.48	9
10	Operating Expenses							10
11	Fuel & Purchased Power	39,973.00	39,973.40	(0)	-	29,903.00	29,902.60	11
12	ECAC	-	-	-	-	-	-	12
13	Total Fuel & Purchased Power Expense	39,973.00	39,973.40	(0)	0	29,903.00	29,902.60	13
14	VM, CEMA, EE, SIP	2,867.00	2,867.00	-	-	4,064.00	4,064.00	14
15	Other O&M Expense	16,807.50	-	16,807.50	3.44	-	16,810.94	15
16	Total Operation & Maintenance	59,647.50	42,840.40	16,807.10	3.44	33,967.00	50,777.54	16
17	Depreciation & Amortization Expense	6,357.60	-	6,357.60	-	-	6,357.60	17
18	Taxes Other Than Income	4,856.36	-	4,856.36	112.03	-	4,968.39	18
19	Deferred Income Taxes	6,357.80	-	6,357.80	-	-	6,357.80	19
20	Amortization of ITC	-	-	-	-	-	-	20
21	Federal Income Tax	(3,422.10)	-	(3,422.10)	3,018.69	-	(403.41)	21
22	California Corporate Franchise Tax	(429.50)	-	(429.50)	860.97	-	431.47	22
23	Total Operating Expenses	73,367.66	42,840.00	30,527.26	3,995.13	33,967.00	68,489.38	23
24	Operating Income	4,987.83	0.00	4,987.83	5,823.84	0.44	10,812.10	24
25	Rate Base							25
26	Gross Plant in Service	270,183.80	0.00	270,183.80	0.00	0.00	270,183.80	26
27	Accum Prov for Depr & Amort	(76,749.10)	-	(76,749.10)	-	-	(76,749.10)	27
28	Net Plant in Service	193,434.70	-	193,434.70	-	-	193,434.70	28
29	Additions							29
30	Construction Work In Progress	-	-	-	-	-	-	30
31	Materials & Supplies	4,011.30	-	4,011.30	-	-	4,011.30	31
32	Prepayments	319.10	-	319.10	-	-	319.10	32
33	Other Additions	-	-	-	-	-	-	33
34	Working Capital	3,604.72	-	3,604.72	(1,438.64)	-	2,166.08	34
35	Total Additions	7,935.12	-	7,935.12	(1,438.64)	-	6,496.48	35
36	Deductions							36
37	Customer Advances for Construction	(13,437.20)	-	(13,437.20)	-	-	(13,437.20)	37
38	Accumulated Deferred Income Tax	(19,426.50)	-	(19,426.50)	-	-	(19,426.50)	38
39	Other Deductions	(23,124.00)	-	(23,124.00)	-	-	(23,124.00)	39
40	Total Deductions	(55,987.70)	-	(55,987.70)	-	-	(55,987.70)	40
41	Rate Base	145,382.12	0.00	145,382.12	(1,438.64)	0.00	143,943.48	41
42	Rate of Return (%)	3.43%		3.43%			7.51%	42

EXHIBIT B

Weighted Cost of Capital

LIBERTY UTILITIES (CALPECO ELECTRIC) LLC
WEIGHTED COST OF CAPITAL
FOR THE FORECAST PERIOD ENDING DECEMBER 31, 2016

Ln No	(a) <u>Description</u>	(b) <u>Capital Amount (\$000)</u>	(c) <u>Capital Ratio</u>	(d) <u>Cost of Capital</u>	(e) <u>Weighted Cost of Capital</u>	Ln No
1	Debt					1
2	Short-Term Debt	5,058	1.84%	1.47%	0.03%	2
3	Customer Deposits	698	0.25%	0.12%	0.00%	3
5	Long-Term Debt	124,935	45.41%	4.92%	2.23%	5
6						6
7	Total Debt	130,691	47.50%	6.51%	2.261%	7
8						8
9						9
10	Equity					10
11	Common Stock	1,268	0.46%	10.00%	0.05%	11
12	Preferred Equity	0	0.00%	10.00%	0.00%	12
13	Common Equity	143,176	52.04%	10.00%	5.20%	13
14						14
15	Total Equity	144,444	52.50%	10.00%	5.25%	15
16						16
17						17
18	Total Capital	275,135	100.00%		7.51%	18
19						19
20						20

EXHIBIT C

Solar Initiative Program Balancing Account Tariff

Original CPUC Sheet No. 55
Canceling _____ CPUC Sheet No. _____

PRELIMINARY STATEMENT

(Continued)

21. SOLAR INITIATIVE PROGRAM BALANCING ACCOUNT

Liberty Utilities (CalPeco Electric) LLC (Liberty shall maintain a Solar Initiative Program Balancing Account (SIPBA).

A. Purpose

The purpose of the SIPBA is to record the difference between the 3-year revenue requirement of \$1,113,000 for the Solar Initiative Program expense the Commission authorized for Liberty in its 2016 General Rate Case (GRC) Decision (16-09-____) and Liberty's recorded Solar Initiative Program expenses.

B. Applicability

The SIPBA is applicable to all rate schedules.

C. SIPBA rates

The SIPBA has a rate component. The Solar Initiative Program rate will be collected on an equal cents per kilowatt basis at a rate of \$0.00061 per kWh.

D. Accounting Procedures

Liberty shall maintain the SIPBA by making entries at the end of each month as follows:

1. A debit entry equal to Liberty's recorded Solar Initiative Program expense for the month.
2. A credit entry equal to the revenue collected during the month through the Solar Initiative Program rate.
3. Liberty shall apply interest to the average net balance in the SIPBA at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month as reported in the Federal Reserve Statistical Release, H.15, or its successor publication. Accumulated interest will be included in the amount on which interest is accrued, but will be identified as a separate component of the SIPBA.

Advice Letter No. _____ Issued by Gregory S. Sorensen Date Filed _____
Name
Decision No. _____ President Effective _____
Title
Resolution No. _____

Original CPUC Sheet No. 56
Canceling CPUC Sheet No. _____

The Solar Initiative Program will be fully funded for the calendar years 2016, 2017 and 2018. As Liberty will not directly charge its customers the rates authorized in the 2016 GRC until a date after January 1, 2016, Liberty shall make the following entry in the last day of the month in which the Commission issues its final decision authorizing such revised rates:

A credit entry equal to \$30,916.67 times the number of months from January 2016 until the month that the Commission issues a decision in the 2016 GRC¹.

E. Effective Date

The SIPBA shall become effective on the last day of the month in which the Commission issues its final decision in the 2016 GRC authorizing such revised rates and shall terminate in accordance with Section F.

F. Account Disposition

The SIPBA is a one-way balancing account. Liberty in its next GRC application shall include a summary of the entries to the SIPBA and a proposal for the disposition of any credit balance in the account; provided that Liberty in its next GRC application shall have the right to seek the authority to extend the SIPBA and include in such request a proposal for the disposition of any such credit balance.

¹ The corresponding debit amount will be recorded to the GRC Memorandum Account and collected as outlined in the GRC Memorandum Account Balancing Account tariff.

Advice Letter No. _____	Issued by <u>Gregory S. Sorensen</u> Name	Date Filed _____
Decision No. _____	<u>President</u> Title	Effective _____
		Resolution No. _____

EXHIBIT D

Revenue Allocation Among Customer Classes

EXHIBIT D

Revenue Allocation Among Customer Classes

(a) Customer Class	(b) Base Rate Revenues at Present Rates ¹	(c) Settlement Base Rate Revenue Allocation w/EPMC ²	(d) Change Compared to Base Rate Revenue at Present Rates w/EPMC [100*(col (c) / col (b))-1]	(e) Settlement Base Rate Revenue Allocation w/EPMC and Agreed-on Shift	(f) Change Compared to Base Rate Revenue at Present Rates w/EPMC and Agree-on Shift [100*(col (e) / col(b))-1]
Residential	\$40,107,360	\$36,753,950	(8.36)%	\$36,641,051	(8.64)%
A-1	\$16,091,991	\$14,152,793	(12.05)%	\$14,160,952	(12.00)%
A-2	\$7,612,881	\$6,500,510	(14.61)%	\$6,699,335	(12.00)%
A-3	\$17,438,003	\$15,576,386	(10.68)%	\$15,529,058	(10.95)%
Street Lights (SL)	\$71,188	\$83,184	16.85%	\$71,147	(0.06)%
Outdoor Lighting (OL)	\$158,921	\$146,683	(7.70)%	\$146,237	(7.98)%
Irrigation (PA)	\$161,370	\$194,667	20.63%	\$160,659	(0.44)%
Totals	\$81,641,713	\$73,408,174	(10.08)%	\$73,408,440 ³	(10.08)%

¹ Does not include revenues collected for Energy Efficiency, Energy Cost Adjustment Clause, and Vegetation Management.

² Settlement Base Rate Revenues additionally do not include Catastrophic Event Memorandum Account and Solar Incentive Program revenues.

³ Nominal difference between column (c) and column (e) due to rounding.

EXHIBIT E

Revenue Allocation by Customer Class of the Vegetation Management Program

EXHIBIT E

Revenue Allocation by Customer Class of the Vegetation Management Program

Customer Class	Allocation of Vegetation Management Program Cost Recovery	Vegetation Management Program Rate (\$/kWh)
Residential	\$1,290,513	\$0.00430
A-1	\$477,896	\$0.00430
A-2	\$279,271	\$0.00498
A-3	\$461,790	N/A ¹
Street Lights (SL)	\$2,415	\$0.00698
Outdoor Lighting (OL)	\$2,802	\$0.00431
Irrigation (PA)	\$8,301	\$0.00430

¹ A-3 Customers will pay a monthly Customer Charge at a flat rate of \$675.13.

EXHIBIT F

Rate Design - Residential and CARE Customer Class

EXHIBIT F

Rate Design - Residential and CARE Customer Class

D-1 Residential Service	Present	Settlement
Customer Charge (\$/Month)	\$7.10	\$6.56

CARE¹ – CARE Domestic Service	Present	Settlement
CARE Customer Charge (\$/Month)	\$5.68	\$5.25

Energy Charges Up to Baseline Quantities (\$/kWh)

	Distribution Charges	Public Purpose Program Charges	Generation Charges
Residential Present	\$0.04735	\$0.00260	\$0.05908
Residential Settlement	\$0.05258	\$0.00275	\$0.04195
CARE Present	\$0.02574	\$0.00107	\$0.05908
CARE Settlement	\$0.03226	\$0.00113	\$0.04195

Energy Charges Above Baseline Quantities (\$/kWh)

	Distribution Charges	Public Purpose Program Charges	Generation Charges
Residential Present	\$0.04735	\$0.00260	\$0.08846
Residential Settlement	\$0.05258	\$0.00275	\$0.06808
CARE Present	\$0.01978	\$0.00107	\$0.08846
CARE Settlement	\$0.02703	\$0.00113	\$0.06808

¹ Rates for California Alternate Rates for Energy Program.

EXHIBIT G

Rate Design – A-3 Customer Class

EXHIBIT G

Rate Design – A-3 Customer Class

A-3 Large General Service	Present	Settlement
Customer Charge (\$/Meter/Month)	\$643.48	\$349.91
Demand Charges (\$/kW of Billing Demand/Month)		
Winter On-Peak	\$6.32	\$6.01
Winter Mid-Peak	\$2.49	\$2.27
Summer On-Peak	\$12.49	\$9.92
Facilities Charge (\$/kW of Maximum Demand/Month)	\$3.87	\$3.87

Energy Charges (\$/kWh)

	Distribution Charges	Public Purpose Program Charges	Generation Charges
Present			
Winter On-Peak	\$0.01536	\$0.00260	\$0.06006
Winter Mid-Peak	\$0.01312	\$0.00260	\$0.06126
Winter Off-Peak	\$0.00692	\$0.00260	\$0.04903
Summer On-Peak	\$0.02034	\$0.00260	\$0.05991
Summer Off-Peak	\$0.01099	\$0.00260	\$0.04531
Settlement			
Winter On-Peak	\$0.01167	\$0.00275	\$0.05348
Winter Mid-Peak	\$0.00997	\$0.00275	\$0.05460
Winter Off-Peak	\$0.00526	\$0.00275	\$0.04397
Summer On-Peak	\$0.01546	\$0.00275	\$0.05335
Summer Off-Peak	\$0.00835	\$0.00275	\$0.04078

EXHIBIT H

Rate Design – Other Customer Classes

EXHIBIT H

Rate Design – Other Customer Classes

Schedule No. A-1

A-1 Small General Service	Present	Settlement
Customer Charge (\$/Meter/Month)	\$13.44	\$11.83

Energy Charges (\$/kWh)

	Distribution Charges	Public Purpose Program Charges	Generation Charges
Present	\$0.05150	\$0.00260	\$0.08583
Settlement	\$0.06027	\$0.00275	\$0.06059

Schedule No. A-2

A-2 Medium General Service	Present	Settlement
Customer Charge (\$/Meter/Month)	\$92.54	\$29.79
Demand Charges (\$/kWh)		
Summer	\$5.08	\$5.54
Winter	\$7.81	\$8.52

Energy Charges (\$/kWh)

	Distribution Charges	Public Purpose Program Charges	Generation Charges
Present			
Summer	\$0.00000	\$0.00260	\$0.11866
Winter	\$0.01577	\$0.00260	\$0.06103
Settlement			
Summer	\$0.00000	\$0.00275	\$0.10030
Winter	\$0.02673	\$0.00275	\$0.03355

Schedule No. PA

PA – Optional Interruptible Irrigation Service	Present	Settlement
Customer Charge (\$/Customer/Month)	\$13.44	\$11.83

Energy Charges (\$/kWh)

	Distribution Charges	Public Purpose Program Charges	Generation Charges
Present	\$0.01082	\$0.00260	\$0.07150
Settlement	\$0.01667	\$0.00275	\$0.06547

Schedule No. SL/OL- Street and Outdoor Lighting**High Pressure Sodium Streetlights Rates (\$/Lamp/Month)**

Lamp Type (Lumen)	kWh/Month	Distribution Charges*	Public Purpose Program Charges*	Generation Charges*
Present				
5,800	29	\$8.10	\$0.07	\$2.81
9,500	41	\$8.12	\$0.10	\$3.55
22,000	79	\$8.78	\$0.21	\$6.23
Settlement				
5,800	29	\$9.96	\$0.07	\$1.66
9,500	41	\$9.98	\$0.11	\$2.11
22,000	79	\$10.79	\$0.22	\$4.06

High Pressure Sodium Outdoor Lights Present Rates (\$/Lamp/Month)

Lamp Type (Lumen)	kWh/Month	Distribution Charges*	Public Purpose Program Charges*	Generation Charges*
Present				
5,800	29	\$6.48	0.07	\$2.42
9,500	41	\$6.64	0.10	\$3.11
16,000	67	\$6.92	0.17	\$4.59
22,000	85	\$7.36	0.22	\$5.66
Settlement				
5,800	29	\$6.69	\$0.08	\$1.50
9,500	41	\$6.85	\$0.11	\$2.13
16,000	67	\$7.14	\$0.18	\$3.48
22,000	85	\$7.60	\$0.24	\$4.39

*The charges have been rounded to two decimal places.

ATTACHMENT B

REVISED SUMMARY OF RESULTS OF OPERATIONS

ATTACHMENT B
LIBERTY UTILITIES (CALPEGO ELECTRIC) LLC
REVISED SUMMARY OF RESULTS OF OPERATIONS - TOTAL ELECTRIC
FOR THE FORECASTED TWELVE MONTHS ENDING DECEMBER 31, 2016
(IN THOUSANDS)

Amended II									
V24 plant and tax calcs									
(i)									
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)		
Ln.	Development of Return	Forecast Results of Operations	Less ECAC & Vegetation Management	Forecast Results Ex ECAC {col. (a) - col. (c)}	Additional Revenue Required	Repair Deduction Flow Through	General Rate Revenue Requirement {col. (d) + col. (e) + col. (f)}	Plus ECAC, VM, CEMA EE and SIP	Total Revenue Requirement {col. (f) + col. (g)}
No.									Ln.
1	Operating Revenues								1
2	Sales Revenue	\$ 73,689	\$ (39,973)	\$ 33,716	\$ 10,025	\$ (1,707)	\$ 42,033	\$ 29,903	\$ 71,936
3	Other Operating Revenue	434	-	434	-	-	434	-	434
4	Revenue Credits	1,366	-	1,366	-	-	1,366	-	1,366
5	Energy Efficiency (EE)	367	(367)	-	-	-	-	471	471
6	Solar Initiative Program (SIP)	-	-	-	-	-	-	371	371
7	Vegetation Management (VM)	2,500	(2,500)	-	-	-	-	2,523	2,523
8	Catastrophic Event Memo Acct. (CEMA)	-	-	-	-	-	-	700	700
9	Total Operating Revenues	78,355	(42,840)	35,515	10,025	(1,707)	43,833	33,967	77,800
10	Operating Expenses								10
11	Fuel & Purchased Power	39,973	(39,973)	(0)	-	-	(0)	29,903	29,903
12	ECAC	-	-	-	-	-	-	-	-
13	Total Fuel & Purchased Power Expense	39,973	(39,973)	(0)	0	-	(0)	29,903	29,903
14	VM, CEMA, EE, SIP	2,867	(2,867)	-	-	-	-	4,064	4,064
15	Other O&M Expense	16,808	-	16,808	4	-	16,811	-	16,811
16	Total Operation & Maintenance	59,648	(42,840)	16,807	4	0	16,811	33,967	50,778
17	Depreciation & Amortization Expense	6,358	-	6,358	-	-	6,358	-	6,358
18	Taxes Other Than Income	4,856	-	4,856	114	-	4,971	-	4,971
19	Deferred Income Taxes	6,358	-	6,358	-	(1,707)	4,651	-	4,651
20	Amortization of ITC	-	-	-	-	-	-	-	-
21	Federal Income Tax	(3,428)	-	(3,428)	3,082	-	(346)	-	(346)
22	California Corporate Franchise Tax	(431)	-	(431)	879	-	448	-	448
23	Total Operating Expenses	73,360	(42,840)	30,520	4,079	(1,707)	32,891	33,967	66,858
24	Operating Income	\$ 4,995	\$ -	\$ 4,995	\$ 5,946	\$ -	\$ 10,941	\$ 0	\$ 10,942
25									
26									
27									
28	Rate Base								
29	Gross Plant in Service	\$ 270,184	\$ -	\$ 270,184	\$ -	\$ -	\$ 270,184	\$ -	\$ 270,184
30	Accum Prov for Depr & Amort	(76,749)	-	(76,749)	-	-	(76,749)	-	(76,749)
31	Net Plant in Service	193,435	-	193,435	-	-	193,435	-	193,435
32	Additions								
33	Construction Work in Progress	-	-	-	-	-	-	-	-
34	Materials & Supplies	4,011	-	4,011	-	-	4,011	-	4,011
35	Prepayments	319	-	319	-	-	319	-	319
36	Other Additions	-	-	-	-	-	-	-	-
37	Working Capital	3,607	-	3,607	(1,469)	-	2,139	-	2,139
38	Total Additions	7,938	-	7,938	(1,469)	-	6,469	-	6,469
39	Deductions								
40	Customer Advances for Construction	(13,437)	-	(13,437)	-	-	(13,437)	-	(13,437)
41	Accumulated Deferred Income Tax	(17,680)	-	(17,680)	-	-	(17,680)	-	(17,680)
42	Other Deductions	(23,124)	-	(23,124)	-	-	(23,124)	-	(23,124)
43	Total Deductions	(54,241)	-	(54,241)	-	-	(54,241)	-	(54,241)
44	Rate Base	\$ 147,131	\$ -	\$ 147,131	\$ (1,469)	\$ -	\$ 145,662	\$ -	\$ 145,662
45	Rate of Return (%)	3.40%		3.40%			7.51%		7.51%
46									
47									
48									
49									

(End of Attachment B)

ATTACHMENT C

REPAIR DEDUCTION - FLOW - THROUGH IMPACT CHART

Liberty Utilities (CalPeco Electric) LLC
 Repair Deduction - Flow Through
 000's

Ln #	(a)	(b)	(c)
	Reduction in Deferred Income Taxes Caused by Flow Through (California Jurisdiction)		
1	Projected 2016 Repair Deduction Incorporated into Settlement RO Model	\$	5,071
2	Federal Income Tax Rate		34%
3			<u>1,724</u>
4	Percentage Applicable to California Jurisdiction		<u>99%</u>
5			
6	Reduction in Deferred Income Taxes Caused by Flow Through (California Jurisdiction)	\$	1,707 ¹
7			
8			
9			
10			
11	Increase in Additional Revenue Required Attributable to Flow Through Repair Deduction		
12			
13	Additional Revenue Required as Per the Settlement RO, Attachment A, Line 9 (g)	\$	<u>9,819</u>
14			
15	Return on Additional Rate Base - Flow Through of Repair Deduction		
16	Decrease in Accumulated Deferred Income Taxes	\$ 1,747 ²	
17	Decrease in Working Capital	<u>(27) ³</u>	
18		1,720	
19	Return on Additional Rate Base		131 ⁴
20			
21	Taxes on Return on Additional Rate Base		
22	Federal		57
23	State		<u>17</u>
24	Offsetting Increase in Additional Revenue Requirement		<u>205</u>
25			
26	Revised Additional Revenue Required	\$	<u><u>10,024</u> ⁵</u>
27			
28			
29	Overall Reduction to Total Operating Revenue (Ln 6 col (c) - Ln 24 col (c))	\$	<u><u>1,501</u> ⁶</u>
30			

¹ Attachment A, Line 20, Column (f)

² Attachment A, Line 43

³ Attachment A, Line 38

⁴ Rate of Return of 7.51%

⁵ Attachment A, Line 9, Column (e)

⁶ See Attachment B, Line 1

(End of Attachment C)

ATTACHMENT D

Revised Comparison Exhibit

Line Item	Issue	Current Status	Liberty Utilities Request in Application	ORA Response in Testimony	A-3 Customer Coalition Response in Testimony	Notes	2016 GRC Settlement	2016 GRC Settlement Updated for Flow-Through of Repair Deduction
1	Total Revenue Requirement (\$000s)	\$78,257	\$91,827	\$84,305	N/A	Original Liberty request represented a 17.34% increase; settlement represents a 1.21% increase	\$79,301	\$77,800
2	Increase in Base Rate Revenue Requirement (\$000)	\$0	\$11,400	\$7,601	N/A		\$9,819	\$8,318
3	Energy Revenue (ECAC) Requirement	\$39,973	\$40,923	\$37,243	N/A	Change reflects positive impact of new NV Energy supply agreement effective January 1, 2016; over collection to be amortized over twenty-seven months after the effective date of the decision through December 31, 2018	\$29,903	\$29,903
4	Energy Efficiency (\$000)	\$367	\$495	\$445	N/A	ORA agreed with most Liberty proposed expenditures; settlement reflects compromise on spending for Small Commercial Audit, Energy Lighting and Refrigerator Recycling Programs	\$471	\$471
5	Vegetation Management (\$000)	\$2,500	\$2,523	\$2,523	N/A	Maintenance of VMMA one-way balancing account and separate line item billing	\$2,523	\$2,523
6	Solar Initiative Program (\$000)	\$0.00	\$371	\$371	N/A	Liberty proposed 6 year program, but agreed to ORA proposal for three year with right to request extension in next GRC	\$371	\$371
7	Catastrophic Emergency Memorandum Account (\$000)	N/A	\$700	\$700	N/A	Recovery of \$2.1 million over three years and in response to Governor Brown's January 17, 2014 State of Emergency Proclamation	\$700	\$700
8	Return on Equity	9.88%	10.50%	9.71%	N/A		10.00%	10.00%
9	Overall Rate of Return	7.75%	7.92%	7.17%	N/A		7.51%	7.51%
10	Debt / Equity Ratio	48.5% / 51.5%	45% / 55%	51.63% / 48.37%	N/A		47.50% / 52.50%	47.50% / 52.50%
11	Depreciation Rate	2.33%	2.21%	N/A	N/A	Reduction of depreciation rate from Liberty's 2013 Depreciation Study conducted by an external consultant	2.21%	2.21%
12	Allowance for Funds Used During Construction	8.76%	6.59%	N/A	N/A	As Calculated by FERC Form 2	6.59%	6.59%
13	Number of Residential Customers	-	46,910	46,683	N/A		46,683	46,683
14	Franchise Fee and Uncollectible Rate	1.23%	1.32%	N/A			1.35%	1.35%
15	General Rate Case Memorandum Account	Approved in Decision 15-12-035	Assumes recovery amount to be recorded into GRCMA as of October 1, 2016 and over 27 months			Recovery amount to be recorded upon the Commission issuing a decision in A. 15-05-008 approving the change in rates and the new rates becoming effective	Recovery amount to be recorded upon the Commission issuing a decision in A. 15-05-008 approving the	Recovery amount to be recorded upon the Commission issuing a decision in A. 15-05-008 approving the change in rates and the new rates becoming effective
16	Rate Base (\$000)	\$119,181	\$150,927	\$135,961	N/A		\$143,943	\$145,662

Line Item	Issue	Current Status	Liberty Utilities Request in Application	ORA Response in Testimony	A-3 Customer Coalition Response in Testimony	Notes	2016 GRC Settlement	2016 GRC Settlement Updated for Flow-Through of Repair Deduction
17	Return on Rate Base ("Operating Income") (\$000)	\$9,235	\$11,954	\$9,699	N/A		\$10,812	\$10,942
18	Operation and Maintenance Expenses (000' s)	\$8,793	\$8,608	\$7,004	N/A		\$8,499	\$8,499
19	Administrative and General Expenses (000' s)	\$4,924	\$8,613	\$7,663	N/A		\$8,308	\$8,308

(End of Attachment D)